

Corporate Reporting — Ethical Practices and Social Responsibility

*Dr. S. KAVITHA DEVI

*Asst. Prof. of Commerce, Post Graduate College, Osmania University, Secunderabad

Abstract

Corporate reporting writing is a great way for a company to gauge its own progress and recognize weaknesses and strengths within its structure, it also permits a company to measure its adherence to the policies, as well as goals and objectives that were previously outlined and to realize that corporate reporting is also a way to measure improvement and accountability. A company that knows it is going to be reported on will more than likely stick to the rules and conduct itself ethically. Unfortunately, there are many companies that feel they are immune to the practice of corporate reporting, and do not necessarily conduct themselves with a strong business ethic. Corporate social responsibility creates most value for a business when it forms an integral part of the core business of the business.

1.1 Introduction:

Corporate reporting essentially provides the investors and other stakeholders in a corporation with the necessary knowledge about performance and its current position within a business environment. This type of reporting is also a great way for a company to gauge its own progress and recognize weaknesses and strengths within its structure. Furthermore, it also permits a company to measure its adherence to the policies, as well as goals and objectives that were previously outlined.

It is important to realize that corporate reporting is also a way to measure improvement and accountability. A company that knows it is going to be reported on will more than likely stick to the rules and conduct itself ethically. Unfortunately, there are many companies that feel they are immune to the practice of corporate reporting, and do not necessarily conduct themselves with a strong business ethic.

Corporate social responsibility creates most value for a business when it forms an integral part of the core business of the business. The idea is to exploit actively the business' special knowledge and core competences to the benefit of both the business and the society. At the same time, corporate social responsibility is integrated into the entire organisation of the business. Business-driven corporate social responsibility is about choosing activities that are in keeping with business values and challenges in a way that helps the business meet social problems while at the same time creating new growth opportunities for the business itself.

The Corporate Sustainability reporting program has complete corporate social responsibility (CSR) with environmental reports that document^{al} how the organization was meeting environmental. A good corporate reporting builds on core values and sets out decision — making principles that are consistent with the values. A corporate reporting framework can provide a broader context for-linking priorities rather than viewing them as competing objectives. Companies in India enjoy touting their socially responsible credentials, but are failing to demonstrate accountability in real, meaningful reporting.

1.2 Objectives of the study

- To study about the standards of the corporate report writing.
- To study about the ethical values of the business at the time corporate reporting.
- To study about the corporate social responsibility of the companies.

1.3 Business Challenge of Corporate Reporting:

Business must make money, no matter what other goals and ideals directors and employees bring to the organizations, staying in business and prospering is a fundamental value of any for profit enterprise.

Supporters of corporate sustainability reporting insist it make good business sense. Approaches such as eco-efficiency are based on common sense proposition that reducing waste and inefficiency in productions process can save money and protect the

environment at the same time evaluating company performance according to a summary of costs and benefits to the corporate finances, the communities where it operates and impacts on natural resources is another method for presenting and assessing corporate sustainability. Even academic proponents of Sustainability acknowledge the great number of uncertainties and contradictions associated with attempts to apply the concept to day-to-day operations. Therefore, companies setting out to produce a corporate sustainability report must show how business objectives such as profit and competitiveness are consistent with sound environmental management and its principles.

The failure to make this connection is a weakness in many reporting initiatives, it makes a report appear superficial and low priority, for credibility, the environmental approach must be presented in a context that demonstrates its real value of the company.

The report that follows uses real life examples to show how implementations of a sustainable development management framework has extended business value by reducing cost, creating options, gaining customers and reducing risks.

1.4 Objectives of Corporate Reporting:

- Providing information about challenges and achievements to shareholders, employees, the public and other stakeholders.
- An internal commitment to environmental and social responsibility.
- As a marketing tool, associating the company with sound environmental management and sustainable activities.
- Tracking progress on integration of principles into company planning and programs.
- Taking first steps towards doing things in a more sustainable way.
- A successful pilot project persuaded decision makers to take the initiative companywide and a commitment to remaining competitive while becoming a world leader in sustainability.

1.5 Potential advantages of corporate reporting:

- It can improve a business' general reputation and make it more known. It can make it easier to attract well-qualified employees and profile the business vis-à-vis customers, partners, investors and other stakeholders.
- It provides an opportunity to attach special values to the business' products. It can create added value for customers and help the business differentiate its products from those of its rivals.
- It can meet specific customer demands. Many large businesses have a socially-committed profile and thus make demands on their sub-suppliers. Many private consumers also consider it important that the products have been manufactured under responsible conditions.
- It may contribute to long-term building of legitimacy in the business. If the business operates in an industry which is particularly exposed to criticism for its environmental or working conditions, etc., it may be a good idea to “take some goodwill to the bank” on an ongoing basis.
- It can make the staff proud of working in the business if they see that it is well publicized in the media and widely acclaimed in the industry and perhaps among their own families, friends and acquaintances.
- The process of preparing a report can be just as important to a business as the actual report. Management and staff typically focus more on, say, energy consumption, greenhouse gas emissions, waste and absence when problems, actions and results are made easier for the surrounding world to understand via a report.
- The report can be used as a management tool for steering the business internally.

1.6 FRAME WORK OF CORPORATE REPORTING:

All of the corporate reports reviewed cover the frame work of environmental performance; same also give information on economic performance as well as contributions to community and social well being. However, none of them links all three dimensions and only a few mentions a relationship between environmental and economic activities.

1.6.1 The reports were evaluated according to the following frame work.

- ✓ Audience
- ✓ Stated valued and vision
- ✓ Policy on corporate reporting
- ✓ Decision — making principles
- ✓ Link between policy and operations
- ✓ Performance indicates
- ✓ Impact on profitability and competitions
- ✓ Process of information collection
- ✓ Approach to presentations

1.7 Ethics and Values

Every business has an ethical duty to each of its associates namely owners or stock holders, employees, customers, suppliers and the community at large. Each of these affects organization and is affected by it. Each is a stake holder in the enterprise with certain expectations as to what the enterprise should do and how it should do it.

Business ethics is applied ethics; it is the application of our understanding of what is good and right to those assortments of institutions, technologies, transactions activities and pursuits that we call business. Ethical behavior is the best long term business strategy for company. However this does not mean that occasions may never arise when doing what is ethical will prove costly to accompany nor does it mean that ethical behavior is always rewarded or that unethical behavior is always punished.

Ethics is the discipline that examines one's moral standards or the moral standards of the society. It asks how these standards apply to our lives and whether these standards are reasonable or unreasonable — that is whether they are 'supported by good reasons or poor ones.

The corporate reporting in their ethical practices should be in a position to give the information to educate, and to know about:

- ✓ Lead buyers and sellers to exchange their goods in a way that is just.
- ✓ To minimize the utility of buyers and sellers by leading them to allocate, use and distribute their goods with perfect efficiency and
- ✓ Bring about these achievements in a way that respects buyers and sellers right of consent.

On the other hand, the employee's main moral duty is to work toward the goals of the firm and avoid any activities that might harm those goals. To be 'unethical' basically is understood as to deviate from these goals to serve one's own interest in ways that if illegal are counted as form of "white color crime". Nevertheless with the emergence of concepts like whistle blowing employees with a sense of moral responsibility who find their company in insuring society in same way find an opportunity in stopping the company from its harmful activities.

1.8 CORPORATE SOCIAL RESPONSIBILITY IN REPORT WRITING:

Corporate responsibility in India has come out of its infancy and has become a business in itself. It one goes by the number of companies touting their achievements, civil society groups and consultants offering ethical corporate services, and government framing policies to involve business in development issues. Then corporate responsibility has evolved to be acceptable to all at least in concept.

However, despite all this frenzied activity, there is hardly any structural reporting by all these commercial and non commercial organization about their actions.

There are only three companies

- ✓ Tata Group
- ✓ Ford India, and
- ✓ Jubilant organists that follow the global reporting initiative guidelines.

There is a huge performance and ethics gap between how companies treat their stake holders, and their claims, for instance recently Pepsi and Coca Cola in India were directed by a state High Court to label their bottles with all ingredients they moved the court to Supreme Court, only to face a defeat.

Coca — Cola continues to face agitation from local communities around its plant in the southern state of Kerala; the agitation is now a thousand days old. Ironically, Pepsi and Coca-Cola claim to be social responsible in India.

They also fear misreporting and mis-auditing by third parties, adding to already widely prevalent corrupt and unethical practices in Indian Business. It is strange that companies on one hand complain about corruption in the Indian system, while on the other hand they are often integral partners and sponsors of the same.

1.9 SUGGESTIONS

- The report writing should be on internationally accepted standards and guidelines such as the UN Global Compact and UN Principles for Responsible Investment.
- Define what your business understands as corporate social responsibility and pick out the elements of work that are essential to your business.
- Corporate social responsibility should be based on the core business and strategic challenges of a business.
- Make use of existing core competences in the business to assume social responsibility. That will be of greatest value to society and the business.
- Take one step at a time. Make sure that the entire business is able to keep up during the process.
- Integrating corporate social responsibility into the business takes time. The businesses that today are among the most highly recognized businesses in the area have all built up and developed their corporate social responsibility in the course of a number of years and have embedded it with the top management.
- Report only what the business can vouch for. Give an open and honest report. An embellished picture of the real work will just result in public criticism, e.g. from the media and NGOs.
- Get started – the business advantages of reporting on corporate social responsibility more than offset the costs if the work is approached in a well-considered manner

1.10 Conclusion:

In conclusion but a beginning of a useful thought, corporate responsibility report about India need to be absorbed with caution. It is important to look beyond the obvious and question every statement made by both business and NGO's about the improvements on the Indian environmental and social responsibility. Social challenges are not merely conditions influencing business operations. Businesses themselves can actively influence and make use of these challenges. However, businesses and society will gain the most from their work on social responsibility if the work is linked closely to their business strategies and core competences. That is what is known as business-driven social responsibility.

Hence, Business focus on social responsibility can identify new market opportunities and – by showing responsibility – the business can also strengthen its competitiveness and the basis for increased earnings. Finally, businesses need to determine how they want to go about the work on the report, and numerous standards, guidelines and initiatives exist that can be used for reporting on corporate social responsibility.

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